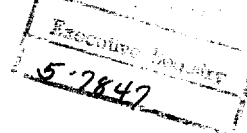


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14 July 1954

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Increase in Ceiling for the Audit Office

1. Prior to July 1951 unvouchered accounts of the Agency were audited by the Audit Office on the basis of vouchers and reports submitted to headquarters by field operating offices. No site or field audits were made. In most cases the audit followed the disbursement by as much as two years and voluminous correspondence to clear up disallowed items resulted.
2. At that time there was practically no audit of proprietary projects whereas today there are approximately [redacted] such projects and a majority of them are being audited by personnel of the Audit Office. In July 1951 there were practically no audits made of subsidy projects in as much as advances to subsidies were dropped from the accounts of the Finance Division upon acknowledgement of receipt of the advance from the project chief. Today there are many subsidies requiring extensive audit by personnel of the Audit Office. There was practically no audit of property accounts because there was no adequate system of property accounting provided for the Agency. With the improvement in the property accounting system an actual audit of property accounts is being developed.
3. The Auditor-in-Chief comprehends his duties to include the establishment of such an audit organization and program as will assure the Director that all funds and other assets of the Agency are being properly accounted for and protected, and to accomplish this the Auditor-in-Chief is of the opinion that a minimum ceiling of [redacted] should be maintained. The word "minimum" is used because it is believed that the Agency's audit program is a continually expanding one. However, only the minimum is requested at this time as it is desired to await a stabilization of Agency operations and a completion of the audit program now being developed by the Auditor-in-Chief before reviewing personnel needs.
4. The present audit program provides for the following in its future plans:
 - a. In the Far East the plan calls for 5 auditors and 1 administrative clerk to cover all MAC and SAC activities including the audit at the site of the accounts of all stations having certifying officers and an inspection of those others in the two areas where the size of the station warrants such inspection and where cover considerations permit the site inspection. At present only 4 auditors and 1 administrative clerk are on duty to meet the expanding work load.

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b. In [REDACTED] the plan calls for 5 auditors and 1 administrative clerk. This unit is now auditing the accounts of [REDACTED]

[REDACTED] In view of the fact that most of the stations in these named countries have certifying officers the work performed by that unit is complete for the area. It is planned to increase the personnel of that unit by one senior auditor at which time the unit will expand its operation to include at least inspections at other stations in the whole European area where the size of the station warrants and cover will permit.

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c. In [REDACTED] the plan provides for 3 auditors and 1 administrative clerk to cover the various stations in the SE and NE areas. At present there is only one senior auditor assigned to that station. This is because up until now he had had only two stations in the two areas where certifying officers have been assigned. Recently another certifying officer was assigned to the area and two more are contemplated in the near future. In order that this increase audit work load may be provided for and an adequate system of inspections put into effect for those stations to which no certifying officer has been appointed it is necessary that the [REDACTED] office be brought up to its desired strength in the near future.

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d. At headquarters the Audit Office will consist of the Auditor-in-Chief, his secretary, the Chief, Audit Office, 3 administrative clerks, and [REDACTED] auditors. The present ceiling at headquarters is identical to the above except that there are now [REDACTED] slots for auditors instead of [REDACTED]. This is due to the fact that 3 slots will be transferred to DD/P to complete the needs of overseas units.

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4. [REDACTED] of the present total ceiling of [REDACTED] slots are now carried as part of the DD/P ceiling and as increases are made in the overseas units a transfer of funds and ceiling slots for such increases will be made to the interested DD/P division.

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5. In this present ceiling of [REDACTED] there are 7 vacancies. Names have been processed in all cases except one and it is expected that the selection of someone for this vacancy will be made shortly.

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6. As mentioned above the present total ceiling for audit personnel for overseas and for headquarters is [REDACTED]. In order to carry out the program outlined above, which the Auditor-in-Chief believes the the minimum to do a satisfactory job, it is urgently requested that the ceiling of the Audit Office for the fiscal years of 1955 and 1956 be set at [REDACTED]

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[REDACTED]
Auditor-in-Chief

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